

# Chairman's report

Thursday 18 December 2014



Murray Irrigation

This is the Chairman's report, following a meeting of the Murray Irrigation Board of Directors yesterday.

## Water availability update

The opportunity for an efficiency allocation was considered at yesterday's Board meeting. The company has sufficient conveyance water to deliver our forecast deliveries, however there is currently no surplus for an efficiency allocation. The reasons why there is currently no surplus conveyance are: limited access to supplementary water at the start of the season and the volume available for delivery which is approximately 76 percent of customers' general security entitlement with the conveyance allocation based on the 49 percent general security announcement.

This contrasts with the two previous seasons where the announced allocation reached 100 percent in July and October respectively and the company also had access to supplementary water. The Board appreciates the value efficiency allocations provide and I reiterate that the Board's policy is to distribute surplus conveyance water to customers as efficiency allocations when available.

## On-Farm Irrigation Efficiency Program (OFIEP) Round 5

The Board had vigorous debate about the merits of Murray Irrigation applying to be a Delivery Partner for Round 5 of the OFIEP. Concern was expressed about the further reduction in the volume available in the consumptive pool as a result of the OFIEP and the impact of competition which has reduced the effective price paid per ML by government.

The Board agreed to support the company in continuing to be involved in this program, recognising that water recovery through infrastructure investment is preferable to buyback and customer demand if not serviced by Murray Irrigation would be serviced by an alternative delivery partner.

In agreeing to support our participation as a Delivery Partner, the Board requested that our approach adds value to both customers and the company. This includes looking at opportunities to ensure potential applicants have access to good information about project costs as well as identifying how to add value or complement our Private Irrigation Infrastructure Operators' Program (PIIOP) investment. Further information will be available in *Talking Water* next week, however an indicative date for expressions of interest to be completed is Friday 20 February 2015.

## Murray Irrigation recruitment

We are currently recruiting for a number of positions. This recruitment is being led by Steve Gumley, our interim CEO, and will improve the capability within Murray Irrigation as the business adjusts to our PIIOP investment and its changed business environment as a result of the Basin Plan. It will also provide additional engineering expertise to improve our interactions with customers during the rollout of PIIOP and other projects. The Board met Peter De Vreede, the newly appointed MILCast Business Manager, yesterday. Peter comes to Murray Irrigation with a sound background in business and concrete production. His skills, combined with the existing MILCast team, provide an excellent opportunity to build this small business.

## Budget review

The Board reviewed the 2014/15 budget and approved some modifications to this budget, however no changes to Murray Irrigation's fees and prices are needed as a result of this review.

## Wakool Landholders' Association meeting

Thanks to Dave May, Chairman of the Wakool Landholders' Association and his members who joined us for lunch in Wakool last Friday. Mark Robertson, Steve Gumley and I had the opportunity to listen to our Wakool customers' views about the company, our PIIOP investment and the water industry in general. We found it a valuable exercise and have heard the feedback about improved "engineering" information, better understanding of the options available under PIIOP, as well as increasing our communication efforts to improve the way we close out issues with customers. Thanks also to the Gleeson and Martin families for meeting with us in the morning on their properties to discuss their farm businesses.

I thank my fellow directors for their support in 2014, as well as all our employees for their efforts to support our shareholders and customers. The next *Chairman's report* is due after the February 2015 Board meeting.

I wish our shareholders and customers a safe and happy Christmas and New Year. I look forward to working with you in 2015.

Bruce Simpson, Chairman